of foodgrains and helped stabilise their prices despite the severity of drought.

Effect of rise in prices of petrol and diesel

2074. SHRI AIMADUDDIN AHMED KHAN "DURRU": Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the impact on inflation due to periodic increase in the prices of petrol and diesel;

(b) whether the regular inflationary trend is a matter of great concern to the common people of the country; and

(c) what action Government propose to take to contain the inflation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) With the dismantling of the Administered Price Mechanism from April 1, 2002, domestic diesel and petrol prices are market determined and linked to the movement of international crude oil prices. The transition from an administered to a market based pricing regime has been quite smooth so far. The annual point to point inflation rate based on the WPI remained below 2 per cent till the end of May 2002, and rose thereafter only to remain between 3-4 per cent level during much of the current financial year. The uptrend in global oil prices caused some inflationary undercurrents towards mid January 2003 pushing up the inflation rate to over 4% level for the first time in 2002-03. The latest annual point to point inflation rate for the week ended February 15, 2003 is 4.9 percent, which is still quite moderate. Stability in the prices of primary and manufactured products would help keep inflation under control, thus preventing any undue harships to the common people of the country.

(c) Government is making concerted efforts to keep inflation under control through effective supply management as also through close monitoring of prices and supply of essential commodities. Large volumes of public stock of foodgrains have ensured comfortable supply situation of foodgrains and helped stabilise their prices despite the severity of drought. Government's liberal release of surplus foodgrain stocks under various welfare schemes has provided increased support to the vulnerable sections of the society.